



# U.S.-PANAMA TRADE PROMOTION AGREEMENT Oregon Farmers Will Benefit

September 2011

The U.S. agricultural sector has a great deal to gain from the pending U.S.-Panama Trade Promotion Agreement, known as the Panama TPA. The agreement will immediately eliminate duties on nearly 50 percent of current U.S. exports and gives U.S. exporters improved access to the Panamanian market for many products that have been highly protected. U.S. agricultural exports to Panama in 2010 exceeded \$450 million.

The Panama TPA agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Oregon's agricultural products, including beef, dairy, and wheat. Oregon's agricultural exports to all countries, estimated at \$1.3 billion in 2010, supporting roughly 10,900 jobs, both on and off the farm. These export sales make an important contribution to Oregon's farm economy, which had total cash receipts of \$3.8 billion in 2010.

## **Greenhouse and Nursery Products**

- Panama will eliminate its 15 percent tariff on Christmas trees and mosses and lichens upon implementation of the Panama TPA. All other greenhouse and nursery products that currently receive duty-free treatment will continue to be duty-free.

## **Beef**

- Panama will immediately eliminate its 30-percent duty on the products most important to the U.S. beef industry – prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariff on other edible offal will be eliminated immediately.
- Panama has already implemented a December 2006 bilateral agreement with the United States on sanitary/phytosanitary measures (SPS), reopening its market to U.S. beef by bringing its import requirements related to bovine spongiform encephalopathy into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

## **Fruits and Fruit Products, Tree Nuts**

- Panama will immediately eliminate its tariffs on nearly all fresh and processed fruits and fruit products, including cherries, pears, plums, prunes, grapes, raisins, watermelons, blueberries, blackberries, apples, and apple juice.
- Panama will immediately eliminate its tariffs on all shelled and roasted nuts, including hazelnuts. The current 10% tariff on shelled and in-shell hazelnuts will be eliminated immediately. All roasted nuts face a tariff of 15 percent.
- Panama will immediately eliminate its tariffs on most in-shell nuts, but the tariff on in-shell nut mixtures will be phased out in 5 years. These tariffs currently range from 5 to 10 percent.
- The 10-percent tariffs on most dried fruits will be eliminated in 5 years, and the 15-percent tariffs on many single strength fruit juices and juice mixtures will be phased out over 5 to 15 years.

## **Wheat**

- Panama's current zero-tariff treatment for wheat will be locked in place immediately upon implementation of the agreement.
- The 10-percent tariff on wheat flour will be eliminated within 12 years.

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### Vegetables and Vegetable Products

- Panama's 15-percent tariffs on nearly all frozen and processed vegetables will be eliminated immediately.
- Tariffs for most fresh vegetables will be eliminated in 10-15 years, with the 15-percent tariffs on lettuce, tomatoes, and broccoli eliminated in 12 years, and the 30-percent tariff on carrots eliminated in 10 years.
- Panama will establish an 816-ton, duty-free preferential tariff-rate quota (TRQ) for fresh onions, growing 2 percent annually. The tariffs on dried and processed onions will be eliminated immediately.
- Tariffs for canned tomatoes, tomato powder, tomato juice, and juice mixtures containing tomatoes will be eliminated immediately. Panama will establish a 798-ton duty-free preferential TRQ for tomato paste, with the over-quota tariff of 81 percent phased out within 15 years. U.S. exporters will continue to have access to the global 1650-ton TRQ for tomato paste that is part of Panama's World Trade Organization (WTO) commitments. Panama has agreed to eliminate the tariff for imports under that TRQ for the period from September through February each year.
- The tariff on potato chips will be eliminated immediately and the tariffs on potato flakes and other potato preparations will be phased out in 5-10 years. Panama will establish a 3,640-ton, duty-free preferential TRQ for frozen precooked French fries, increasing 4 percent annually. The over-quota tariff will be eliminated in 5 years. Panama will establish a 765-ton, duty-free preferential TRQ for fresh potatoes that will grow 2 percent annually.

### Dairy Products

- U.S. exporters will have immediate duty-free access to nine preferential dairy TRQs, totaling 3,986 tons. These include 2,625 tons of skim milk powder, 728 tons of cheese, 263 tons of ice cream, and 370 tons of other dairy products. These quantities will grow by 4 or 5 percent each year and the over-quota tariffs, which range from 15 percent for ice cream to 50 percent for milk powders, will be phased out in 15 to 17 years.
- U.S. dairy exporters will continue to have access to the global TRQs for 3,830 tons of milk powder and 3,782 tons of cheese that are part of Panama's World Trade Organization (WTO) commitments.
- Panama will immediately eliminate its 30-percent tariff on dried whey products. The tariffs on most other dairy products, which are currently as high as 140 percent, will be phased out over 15 years.
- Panama already implemented a December 2006 bilateral SPS agreement with the United States, recognizing the equivalence of the U.S. safety system for processed foods, including dairy products, and streamlining its product registration system for packaged foods. This will allow U.S. food processors to export dairy products to Panama without burdensome paperwork and without having each facility and shipment inspected by Panamanian authorities.

### Seeds

- The Panama TPA will continue to provide duty-free access for all U.S. planting seeds.

<b>Oregon</b>		
<b>Principal Agricultural Products and Exports, 2010</b>		
<b>Product</b>	<b>Cash Receipts (2010 calendar year)</b>	<b>Exports (2010 fiscal year)</b>
<b>Total</b>	<b>\$3.8 billion</b>	<b>\$1.3 billion</b>
Greenhouse and Nursery Products	\$760 million	\$48 million
Cattle and Beef	\$446 million	\$33 million
Fruits and Nuts	\$426 million	\$319 million
Wheat and Wheat Products	\$326 million	\$197 million
Vegetable and Vegetable Products	\$314 million	\$189 million
Dairy Products	\$412 million	\$0.6 million
Seeds	\$215 million	\$241 million
	Source: USDA-NASS	Source: USDA-ERS

*For questions about the U.S.-Panama Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).*